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AMENDED IN SENATE JUNE 30, 2014

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AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2581

Introduced by Assembly Member Bradford

February 21, 2014

An act to amend Sections 25402, 25402.1, and 25942 of the Public Resources Code, and to add Section 454.58 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL’S DIGEST

AB 2581, as amended, Bradford. Energy: appliance standards: public domain computer program: home energy rating: energy efficiency program for appliances.

(1) Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, standards for minimum levels of operating efficiency, and authorizes the commission to prescribe other cost-effective measures, to promote the use of energy-efficient and water-efficient appliances whose use requires a significant amount of energy or water on a statewide basis.

This bill would instead authorize the commission to prescribe or adopt other cost-effective measures. The bill would authorize the commission to consider or recognize voluntary agreements in lieu of regulation

described above and to take voluntary agreements into account in its planning. The bill would require the commission to consider adopting a process for the repeal, or suspension of enforcement, of a standard for minimum levels of operating efficiency for an appliance that the commission finds to be duplicative or inconsistent with federal or state law. The bill would require any labeling requirement prescribed by the commission to allow a manufacturer to use electronic labeling as appropriate. The bill would require the commission to consider the most current data possible and, ~~whenever feasible, to consider data no older than one year prior to the commencement of a rulemaking proceeding~~ *provided to the commission regarding a proposed standard for an appliance before the publication of the notice of the proposed action* to consider adoption or amendment of a standard for an appliance. *The bill would require the commission to explain in the final statement of reasons how it considered those data.*

(2) Existing law requires the commission to prescribe, by regulation, lighting, insulation climate control system, and other building design and construction standards that increase the efficiency in the use of energy and water for new residential and new nonresidential buildings. Existing law also requires the commission to prescribe, by regulation, energy and water conservation design standards for new residential and new nonresidential buildings. In order to implement these requirements, existing law requires the commission to develop a public domain computer program that enables contractors, builders, architects, engineers, and government officials to estimate energy consumed by residential and nonresidential buildings and requires the commission to establish a formal process for certification of compliance options for new products, materials, and calculation methods, as prescribed.

This bill would require the commission to approve and make publicly available, not less than 6 months prior to the effective date of adopted or updated efficiency standards, the public domain computer program. The bill would require the commission, before approving the public domain computer program, to perform preliminary tests of the public domain computer program using common examples of residential and nonresidential buildings and building systems to ensure the usability of the program by users of the program. The bill would require the commission to make the results of those preliminary tests publicly available.

(3) Existing law requires the commission to establish criteria for adopting a statewide home energy rating program for residential dwellings.

For existing single-family residential dwellings and multifamily residential dwellings with up to 4 units, the bill would require the commission, in administering the statewide home energy rating program, to ensure that energy assessment tools used by the commission are routinely adjusted to improve modeling accuracy and to ensure that consumers receive a notice with the output of the energy assessment tools explaining the assumptions used in the energy assessment tools and how they may differ from actual usage patterns.

(4) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires the ~~Public Utilities Commission~~ *commission* to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

This bill would require the Public Utilities Commission, no later than January 1, 2016, to include in its energy efficiency portfolio program, a program to provide incentives to an electrical corporation that adopts an energy efficiency program to reduce electrical demand from indoor appliances. In order to receive incentives from the program, the bill would require the ~~Public Utilities Commission~~ *commission* to require an energy efficiency program for indoor appliances adopted by an electrical corporation to be established and maintained at a net to gross ratio of 0.8 for 36 consecutive months. After 36 months, the bill would authorize the ~~Public Utilities Commission~~ *commission* to evaluate the energy efficiency program and adjust the net to gross ratio on a prospective basis.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 25402 of the Public Resources Code is amended to read:

25402. The commission shall, after one or more public hearings, do all of the following, in order to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy, including the energy associated with the use of water:

(a) (1) Prescribe, by regulation, lighting, insulation climate control system, and other building design and construction standards that increase the efficiency in the use of energy and water for new residential and new nonresidential buildings. The commission shall periodically update the standards and adopt any revision that, in its judgment, it deems necessary. Six months after the commission certifies an energy conservation manual pursuant to subdivision (c) of Section 25402.1, a city, county, city and county, or state agency shall not issue a permit for a building unless the building satisfies the standards prescribed by the commission pursuant to this subdivision or subdivision (b) that are in effect on the date an application for a building permit is filed. Water efficiency standards adopted pursuant to this subdivision shall be demonstrated by the commission to be necessary to save energy.

(2) Prior to adopting a water efficiency standard for residential buildings, the Department of Housing and Community Development and the commission shall issue a joint finding whether the standard (A) is equivalent or superior in performance, safety, and for the protection of life, health, and general welfare to standards in Title 24 of the California Code of Regulations and (B) does not unreasonably or unnecessarily impact the ability of Californians to purchase or rent affordable housing, as determined by taking account of the overall benefit derived from water efficiency standards. This subdivision does not in any way reduce the authority of the Department of Housing and Community Development to adopt standards and regulations pursuant to Part 1.5 (commencing with Section 17910) of Division 13 of the Health and Safety Code.

(3) Water efficiency standards and water conservation design standards adopted pursuant to this subdivision and subdivision (b) shall be consistent with the legislative findings of this division to ensure and maintain a reliable supply of electrical energy and be

1 equivalent to or superior to the performance, safety, and protection
2 of life, health, and general welfare standards contained in Title 24
3 of the California Code of Regulations. The commission shall
4 consult with the members of the coordinating council as established
5 in Section 18926 of the Health and Safety Code in the development
6 of these standards.

7 (b) (1) Prescribe, by regulation, energy and water conservation
8 design standards for new residential and new nonresidential
9 buildings. The standards shall be performance standards and shall
10 be promulgated in terms of energy consumption per gross square
11 foot of floorspace, but may also include devices, systems, and
12 techniques required to conserve energy and water. The commission
13 shall periodically review the standards and adopt any revision that,
14 in its judgment, it deems necessary. A building that satisfies the
15 standards prescribed pursuant to this subdivision need not comply
16 with the standards prescribed pursuant to subdivision (a). Water
17 conservation design standards adopted pursuant to this subdivision
18 shall be demonstrated by the commission to be necessary to save
19 energy. Prior to adopting a water conservation design standard for
20 residential buildings, the Department of Housing and Community
21 Development and the commission shall issue a joint finding
22 whether the standard (A) is equivalent or superior in performance,
23 safety, and for the protection of life, health, and general welfare
24 to standards in the California Building Standards Code and (B)
25 does not unreasonably or unnecessarily impact the ability of
26 Californians to purchase or rent affordable housing, as determined
27 by taking account of the overall benefit derived from the water
28 conservation design standards. Nothing in this subdivision in any
29 way reduces the authority of the Department of Housing and
30 Community Development to adopt standards and regulations
31 pursuant to Part 1.5 (commencing with Section 17910) of Division
32 13 of the Health and Safety Code.

33 (2) In order to increase public participation and improve the
34 efficacy of the standards adopted pursuant to subdivisions (a) and
35 (b), the commission shall, prior to publication of the notice of
36 proposed action required by Section 18935 of the Health and Safety
37 Code, involve parties who would be subject to the proposed
38 regulations in public meetings regarding the proposed regulations.
39 All potential affected parties shall be provided advance notice of
40 these meetings and given an opportunity to provide written or oral

1 comments. During these public meetings, the commission shall
2 receive and take into consideration input from all parties
3 concerning the parties' design recommendations, cost
4 considerations, and other factors that would affect consumers and
5 California businesses of the proposed standard. The commission
6 shall take into consideration prior to the start of the notice of
7 proposed action any input provided during these public meetings.

8 (3) The standards adopted or revised pursuant to subdivisions
9 (a) and (b) shall be cost-effective when taken in their entirety and
10 when amortized over the economic life of the structure compared
11 with historic practice. When determining cost-effectiveness, the
12 commission shall consider the value of the water or energy saved,
13 impact on product efficacy for the consumer, and the life-cycle
14 cost of complying with the standard. The commission shall consider
15 other relevant factors, as required by Sections 18930 and 18935
16 of the Health and Safety Code, including, but not limited to, the
17 impact on housing costs, the total statewide costs and benefits of
18 the standard over its lifetime, economic impact on California
19 businesses, and alternative approaches and their associated costs.

20 (c) (1) (A) Prescribe, by regulation, standards for minimum
21 levels of operating efficiency, based on a reasonable use pattern,
22 and may prescribe or adopt other cost-effective measures, including
23 incentive programs, fleet averaging, energy and water consumption
24 labeling not preempted by federal labeling law, and consumer
25 education programs, to promote the use of energy and water
26 efficient appliances whose use, as determined by the commission,
27 requires a significant amount of energy or water on a statewide
28 basis. The minimum levels of operating efficiency shall be based
29 on feasible and attainable efficiencies or feasible improved
30 efficiencies that will reduce the energy or water consumption
31 growth rates. The standards shall become effective no sooner than
32 one year after the date of adoption or revision. A new appliance
33 manufactured on or after the effective date of the standards shall
34 not be sold or offered for sale in the state, unless it is certified by
35 the manufacturer thereof to be in compliance with the standards.
36 The standards shall be drawn so that they do not result in any added
37 total costs for consumers over the designed life of the appliances
38 concerned.

39 (B) In order to increase public participation and improve the
40 efficacy of the standards adopted pursuant to this subdivision, the

1 commission shall, prior to publication of the notice of proposed
2 action required by Section 18935 of the Health and Safety Code,
3 involve parties who would be subject to the proposed regulations
4 in public meetings regarding the proposed regulations. All potential
5 affected parties shall be provided advance notice of these meetings
6 and given an opportunity to provide written or oral comments.
7 During these public meetings, the commission shall receive and
8 take into consideration input from all parties concerning the parties'
9 design recommendations, cost considerations, and other factors
10 that would affect consumers and California businesses of the
11 proposed standard. The commission shall take into consideration
12 prior to the start of the notice of proposed action any input provided
13 during these public meetings.

14 (C) The standards adopted or revised pursuant to this subdivision
15 shall not result in any added total costs for consumers over the
16 designed life of the appliances concerned. When determining
17 cost-effectiveness, the commission shall consider the value of the
18 water or energy saved, impact on product efficacy for the
19 consumer, and the life-cycle cost to the consumer of complying
20 with the standard. The commission shall consider other relevant
21 factors, as required by Sections 11346.5 and 11357 of the
22 Government Code, including, but not limited to, the impact on
23 housing costs, the total statewide costs and benefits of the standard
24 over its lifetime, economic impact on California businesses, and
25 alternative approaches and their associated costs.

26 (D) Any labeling requirement prescribed by the commission
27 pursuant to subparagraph (A) shall allow a manufacturer to use
28 electronic labeling as appropriate. The use of electronic labeling
29 does not alter requirements to submit data to the commission's
30 appliance efficiency database.

31 (2) A new appliance, except for any plumbing fitting, regulated
32 under paragraph (1), that is manufactured on or after July 1, 1984,
33 shall not be sold, or offered for sale, in the state, unless the date
34 of the manufacture is permanently displayed in an accessible place
35 on that appliance.

36 (3) During the period of five years after the commission has
37 adopted a standard for a particular appliance under paragraph (1),
38 an increase or decrease in the minimum level of operating
39 efficiency required by the standard for that appliance shall not

1 become effective, unless the commission adopts other cost-effective
2 measures for that appliance.

3 (4) Neither the commission nor any other state agency shall
4 take any action to decrease any standard adopted under this
5 subdivision on or before June 30, 1985, prescribing minimum
6 levels of operating efficiency or other energy conservation
7 measures for any appliance, unless the commission finds by a
8 four-fifths vote that a decrease is of benefit to ratepayers, and that
9 there is significant evidence of changed circumstances. Before
10 January 1, 1986, the commission shall not take any action to
11 increase a standard prescribing minimum levels of operating
12 efficiency for any appliance or adopt a new standard under
13 paragraph (1). Before January 1, 1986, any appliance manufacturer
14 doing business in this state shall provide directly, or through an
15 appropriate trade or industry association, information, as specified
16 by the commission after consultation with manufacturers doing
17 business in the state and appropriate trade or industry associations
18 on sales of appliances so that the commission may study the effects
19 of regulations on those sales. These informational requirements
20 shall remain in effect until the information is received. The trade
21 or industry association may submit sales information in an
22 aggregated form in a manner that allows the commission to carry
23 out the purposes of the study. The commission shall treat any sales
24 information of an individual manufacturer as confidential and that
25 information shall not be a public record. The commission shall not
26 request any information that cannot be reasonably produced in the
27 exercise of due diligence by the manufacturer. At least one year
28 prior to the adoption or amendment of a standard for an appliance,
29 the commission shall notify the Legislature of its intent, and the
30 justification to adopt or amend a standard for the appliance. The
31 commission shall consider the most current data ~~available and,~~
32 ~~whenever feasible, shall consider data no older than one year prior~~
33 ~~to the commencement of a rulemaking proceeding~~ *provided to the*
34 *commission regarding any proposed standard under this*
35 *subdivision before the publication of the notice of proposed action*
36 *pursuant to paragraph (5) of subdivision (a) of Section 11346.4*
37 *of the Government Code to consider adoption or amendment of a*
38 *standard for an appliance pursuant to this subdivision. The*
39 *commission shall explain in the final statement of reasons prepared*
40 *pursuant to Section 11346.9 of the Government Code how it*

1 *considered this data provided to the commission.* Notwithstanding
2 paragraph (3) and this paragraph, the commission may do any of
3 the following:

4 (A) Increase the minimum level of operating efficiency in an
5 existing standard up to the level of the National Voluntary
6 Consensus Standards 90, adopted by the American Society of
7 Heating, Refrigeration, and Air Conditioning Engineers or, for
8 appliances not covered by that standard, up to the level established
9 in a similar nationwide consensus standard.

10 (B) Change the measure or rating of efficiency of any standard,
11 if the minimum level of operating efficiency remains substantially
12 the same.

13 (C) Adjust the minimum level of operating efficiency in an
14 existing standard in order to reflect changes in test procedures that
15 the standards require manufacturers to use in certifying compliance,
16 if the minimum level of operating efficiency remains substantially
17 the same.

18 (D) Readopt a standard preempted, enjoined, or otherwise found
19 legally defective by an administrative agency or a lower court, if
20 final legal action determines that the standard is valid and if the
21 standard that is readopted is not more stringent than the standard
22 that was found to be defective or preempted.

23 (E) Adopt or amend any existing or new standard at any level
24 of operating efficiency, if the Governor has declared an energy
25 emergency as described in Section 8558 of the Government Code.

26 (5) Notwithstanding paragraph (4), the commission may adopt
27 standards pursuant to Commission Order No. 84-0111-1, on or
28 before June 30, 1985.

29 (6) (A) The commission may consider or recognize voluntary
30 agreements in lieu of regulation pursuant to paragraph (1).

31 (B) The commission may take voluntary agreements into account
32 in its planning.

33 (7) The commission shall consider, as part of the rulemaking
34 proceeding instituted by Commission Order No. 12-0112-06,
35 adopting a process for the repeal, or suspension of enforcement,
36 of a standard prescribed by paragraph (1) that the commission
37 finds is duplicative or inconsistent with federal or state law.

38 (d) (1) Recommend minimum standards of efficiency for the
39 operation of a new facility at a particular site that are technically
40 and economically feasible. A site and related facility shall not be

1 certified pursuant to Chapter 6 (commencing with Section 25500),
2 unless the applicant certifies that standards recommended by the
3 commission have been considered, which certification shall include
4 a statement specifying the extent to which conformance with the
5 recommended standards will be achieved.

6 (2) Whenever this section and Chapter 11.5 (commencing with
7 Section 19878) of Part 3 of Division 13 of the Health and Safety
8 Code are in conflict, the commission shall be governed by that
9 chapter of the Health and Safety Code to the extent of the conflict.

10 (e) The commission shall do all of the following:

11 (1) Not later than January 1, 2004, amend any regulations in
12 effect on January 1, 2003, pertaining to the energy efficiency
13 standards for residential clothes washers to require that residential
14 clothes washers manufactured on or after January 1, 2007, be at
15 least as water efficient as commercial clothes washers.

16 (2) Not later than April 1, 2004, petition the federal Department
17 of Energy for an exemption from any relevant federal regulations
18 governing energy efficiency standards that are applicable to
19 residential clothes washers.

20 (3) Not later than January 1, 2005, report to the Legislature on
21 its progress with respect to the requirements of paragraphs (1) and
22 (2).

23 SEC. 2. Section 25402.1 of the Public Resources Code is
24 amended to read:

25 25402.1. In order to implement the requirements of subdivisions
26 (a) and (b) of Section 25402, all of the following shall apply:

27 (a) The commission shall develop a public domain computer
28 program that will enable contractors, builders, architects, engineers,
29 and government officials to estimate the energy consumed by
30 residential and nonresidential buildings. The commission may
31 charge a fee for the use of the program, which shall be based upon
32 the actual cost of the program, including any computer costs.

33 (b) The commission shall establish a formal process for
34 certification of compliance options for new products, materials,
35 and calculation methods that provides for adequate technical and
36 public review to ensure accurate, equitable, and timely evaluation
37 of certification applications. Proponents filing applications for new
38 products, materials, and calculation methods shall provide all
39 information needed to evaluate the application that is required by
40 the commission. The commission shall publish annually the results

1 of its certification decisions and instructions to users and local
2 building officials concerning requirements for showing compliance
3 with the building standards for new products, materials, or
4 calculation methods. The commission may charge and collect a
5 reasonable fee from applicants to cover the costs under this
6 subdivision. Any funds received by the commission for purposes
7 of this subdivision shall be deposited in the Energy Resources
8 Programs Account and, notwithstanding Section 13340 of the
9 Government Code, are continuously appropriated to the
10 commission for the purposes of this subdivision. Any
11 unencumbered portion of funds collected as a fee for an application
12 remaining in the Energy Resources Programs Account after
13 completion of the certification process for that application shall
14 be returned to the applicant within a reasonable period of time.

15 (c) The commission shall include a prescriptive method of
16 complying with the standards, including design aids such as a
17 manual, sample calculations, and model structural designs.

18 (d) The commission shall conduct a pilot project of field testing
19 of actual residential buildings to calibrate and identify potential
20 needed changes in the modeling assumptions to increase the
21 accuracy of the public domain computer program specified in
22 subdivision (a) and to evaluate the impacts of the standards,
23 including, but not limited to, the energy savings, cost-effectiveness,
24 and the effects on indoor air quality. The pilot project shall be
25 conducted pursuant to a contract entered into by the commission.
26 The commission shall consult with the participants designated
27 pursuant to Section 9202 of the Public Utilities Code, as that
28 section read on December 31, 2003, to seek funding and support
29 for field monitoring in each public utility service territory, with
30 the University of California to take advantage of its extensive
31 building monitoring expertise, and with the California Building
32 Industry Association to coordinate the involvement of builders
33 and developers throughout the state. The pilot project shall include
34 periodic public workshops to develop plans and review progress.
35 The commission shall prepare and submit a report to the Legislature
36 on progress and initial findings not later than December 31, 1988,
37 and a final report on the results of the pilot project on residential
38 buildings not later than June 30, 1990. The report shall include
39 recommendations regarding the need and feasibility of conducting
40 further monitoring of actual residential and nonresidential

1 buildings. The report shall also identify any revisions to the public
2 domain computer program and energy conservation standards if
3 the pilot project determines that revisions are appropriate.

4 (e) The commission shall certify, not later than 180 days after
5 approval of the standards by the State Building Standards
6 Commission, an energy conservation manual for use by designers,
7 builders, and contractors of residential and nonresidential buildings.
8 The manual shall be furnished upon request at a price sufficient
9 to cover the costs of production and shall be distributed at no cost
10 to all affected local agencies. The manual shall contain, but not be
11 limited to, the following:

12 (1) The standards for energy conservation established by the
13 commission.

14 (2) Forms, charts, tables, and other data to assist designers and
15 builders in meeting the standards.

16 (3) Design suggestions for meeting or exceeding the standards.

17 (4) Any other information which the commission finds will
18 assist persons in conforming to the standards.

19 (5) Instructions for use of the computer program for calculating
20 energy consumption in residential and nonresidential buildings.

21 (6) The prescriptive method for use as an alternative to the
22 computer program.

23 (f) The commission shall approve and make publicly available,
24 not less than six months prior to the effective date of adopted or
25 updated standards, the public domain computer program developed
26 pursuant to subdivision (a). Before approving the public domain
27 computer program, the commission shall do both of the following:

28 (1) Perform preliminary tests of the public domain computer
29 program using common examples of residential and nonresidential
30 buildings and building systems to ensure the usability of the public
31 domain computer program by users of the program, including, but
32 not limited to, architects, builders, contractors, and local code
33 enforcement personnel.

34 (2) Make the results of the preliminary tests publicly available.

35 (g) The commission shall establish a continuing program of
36 technical assistance to local building departments in the
37 enforcement of subdivisions (a) and (b) of Section 25402 and this
38 section. The program shall include the training of local officials
39 in building technology and enforcement procedures related to
40 energy conservation, and the development of complementary

1 training programs conducted by local governments, educational
2 institutions, and other public or private entities. The technical
3 assistance program shall include the preparation and publication
4 of forms and procedures for local building departments in
5 performing the review of building plans and specifications. The
6 commission shall provide, on a contract basis, a review of building
7 plans and specifications submitted by a local building department,
8 and shall adopt a schedule of fees sufficient to repay the cost of
9 those services.

10 (h) Subdivisions (a) and (b) of Section 25402 and this section,
11 and the rules and regulations of the commission adopted pursuant
12 to those provisions, shall be enforced by the building department
13 of every city, county, or city and county.

14 (1) A building permit for a residential or nonresidential building
15 shall not be issued by a local building department, unless a review
16 by the building department of the plans for the proposed residential
17 or nonresidential building contains detailed energy system
18 specifications and confirms that the building satisfies the minimum
19 standards established pursuant to subdivision (a) or (b) of Section
20 25402 and this section applicable to the building.

21 (2) Where there is no local building department, the commission
22 shall enforce subdivisions (a) and (b) of Section 25402 and this
23 section.

24 (3) If a local building department fails to enforce subdivisions
25 (a) and (b) of Section 25402 and this section or any other provision
26 of this chapter or standard adopted pursuant thereto, the
27 commission may provide enforcement after furnishing 10 days'
28 written notice to the local building department.

29 (4) A city, county, or city and county may, by ordinance or
30 resolution, prescribe a schedule of fees sufficient to pay the costs
31 incurred in the enforcement of subdivisions (a) and (b) of Section
32 25402 and this section. The commission may establish a schedule
33 of fees sufficient to pay the costs incurred by that enforcement.

34 (5) The construction of a state building shall not commence
35 until the Department of General Services or the state agency that
36 otherwise has jurisdiction over the property reviews the plans for
37 the proposed building and certifies that the plans satisfy the
38 minimum standards established pursuant to Chapter 2.8
39 (commencing with Section 15814.30) of Part 10b of Division 3 of

1 Title 2 of the Government Code, subdivision (a) or (b) of Section
2 25402, and this section that are applicable to the building.

3 (i) Subdivisions (a) and (b) of Section 25402 and this section
4 shall apply only to new residential and nonresidential buildings
5 on which actual site preparation and construction have not
6 commenced prior to the effective date of rules and regulations
7 adopted pursuant to those sections that are applicable to those
8 buildings. Those sections shall not prohibit either of the following:

9 (1) The enforcement of state or local energy conservation or
10 energy insulation standards, adopted prior to the effective date of
11 rules and regulations adopted pursuant to subdivisions (a) and (b)
12 of Section 25402 and this section with regard to residential and
13 nonresidential buildings on which actual site preparation and
14 construction have commenced prior to that date.

15 (2) The enforcement of city or county energy conservation or
16 energy insulation standards, whenever adopted, with regard to
17 residential and nonresidential buildings on which actual site
18 preparation and construction have not commenced prior to the
19 effective date of rules and regulations adopted pursuant to
20 subdivisions (a) and (b) of Section 25402 and this section, if the
21 city or county files the basis of its determination that the standards
22 are cost effective with the commission and the commission finds
23 that the standards will require the diminution of energy
24 consumption levels permitted by the rules and regulations adopted
25 pursuant to those sections. If, after two or more years after the
26 filing with the commission of the determination that those standards
27 are cost effective, there has been a substantial change in the factual
28 circumstances affecting the determination, upon application by
29 any interested party, the city or county shall update and file a new
30 basis of its determination that the standards are cost effective. The
31 determination that the standards are cost effective shall be adopted
32 by the governing body of the city or county at a public meeting.
33 If, at the meeting on the matter, the governing body determines
34 that the standards are no longer cost effective, the standards shall,
35 as of that date, be unenforceable and no building permit or other
36 entitlement shall be denied based on the noncompliance with the
37 standards.

38 (j) The commission may exempt from the requirements of this
39 section and of any regulations adopted pursuant to this section any
40 proposed building for which compliance would be impossible

1 without substantial delays and increases in cost of construction, if
2 the commission finds that substantial funds have been expended
3 in good faith on planning, designing, architecture, or engineering
4 prior to the date of adoption of the regulations.

5 (k) If a dispute arises between an applicant for a building permit,
6 or the state pursuant to paragraph (5) of subdivision (h), and the
7 building department regarding interpretation of Section 25402 or
8 the regulations adopted pursuant thereto, either party may submit
9 the dispute to the commission for resolution. The commission's
10 determination of the matter shall be binding on the parties.

11 (l) Nothing in Section 25130, 25131, or 25402, or in this section
12 prevents enforcement of any regulation adopted pursuant to this
13 chapter, or Chapter 11.5 (commencing with Section 19878) of Part
14 3 of Division 13 of the Health and Safety Code as they existed
15 prior to September 16, 1977.

16 SEC. 3. Section 25942 of the Public Resources Code is
17 amended to read:

18 25942. (a) On or before July 1, 1995, the commission shall
19 establish criteria for adopting a statewide home energy rating
20 program for residential dwellings. The program criteria shall
21 include, but are not limited to, all of the following elements:

22 (1) Consistent, accurate, and uniform ratings based on a single
23 statewide rating scale.

24 (2) Reasonable estimates of potential utility bill savings, and
25 reliable recommendations on cost-effective measures to improve
26 energy efficiency.

27 (3) Training and certification procedures for home raters and
28 quality assurance procedures to promote accurate ratings and to
29 protect consumers.

30 (4) In coordination with home energy rating service organization
31 databases, procedures to establish a centralized, publicly accessible,
32 database that includes a uniform reporting system for information
33 on residential dwellings, excluding proprietary information, needed
34 to facilitate the program. There shall be no public access to
35 information in the database concerning specific dwellings without
36 the owner's or occupant's permission.

37 (5) Labeling procedures that will meet the needs of home buyers,
38 homeowners, renters, the real estate industry, and mortgage lenders
39 with an interest in home energy ratings.

(b) The commission shall adopt the program pursuant to subdivision (a) in consultation with representatives of the Bureau of Real Estate, the Department of Housing and Community Development, the Public Utilities Commission, investor-owned and municipal utilities, cities and counties, real estate licensees, home builders, mortgage lenders, home appraisers and inspectors, home energy rating organizations, contractors who provide home energy services, consumer groups, and environmental groups.

(c) On and after January 1, 1996, a home energy rating services shall not be performed in this state unless the services have been certified, if such a certification program is available, by the commission to be in compliance with the program criteria specified in subdivision (a) and, in addition, are in conformity with any other applicable element of the program.

(d) On or before July 1, 1996, the commission shall consult with the agencies and organizations described in subdivision (b), to facilitate a public information program to inform homeowners, rental property owners, renters, sellers, and others of the existence of the statewide home energy rating program adopted by the commission.

(e) The commission shall, as part of the biennial report prepared pursuant to Section 25302, report on the progress made to implement a statewide home energy rating program. The report shall include an evaluation of the energy savings attributable to the program, and a recommendation concerning which means and methods will be most efficient and cost-effective to induce home energy ratings for residential dwellings.

(f) For existing single-family residential dwellings and multifamily residential dwellings with up to four units, the commission shall do both of the following in administering the statewide home energy rating program:

(1) Ensure energy assessment tools used by the commission are routinely adjusted to improve modeling accuracy.

(2) Ensure that consumers receive a notice with the output of the energy assessment tools explaining the assumptions used in the energy assessment tools and how they may differ from actual usage patterns.

SEC. 4. Section 454.58 is added to the Public Utilities Code, to read:

1 454.58. (a) No later than January 1, 2016, the commission
2 shall, in a new or existing proceeding, include a program in its
3 energy efficiency portfolio program to provide incentives to an
4 electrical corporation that adopts an energy efficiency program to
5 reduce electrical demand from indoor appliances.

6 (b) The program established by the commission pursuant to
7 subdivision (a) shall address challenges and minimize
8 programmatic barriers that may limit or inhibit the achievement
9 of energy efficiency goals determined by the commission. The
10 energy efficiency goals shall include, but not be limited to, all of
11 the following:

12 (1) Evaluation and attribution of energy savings.

13 (2) Long-lasting, sustainable increases in the adoption of energy
14 efficiency technologies through structural changes in the market
15 and in behaviors of market actors for indoor appliances that receive
16 electricity through power outlets, such as 110 voltage alternating
17 current (VAC), and other emerging delivery mechanisms, including
18 universal serial bus (USB), Power over Ethernet (PoE), and 24-volt
19 direct current (VDC).

20 (c) In order to receive incentives from the program, the
21 commission shall require an energy efficiency program adopted
22 by an electrical corporation pursuant to subdivision (a) to be
23 established and maintained at a net to gross ratio of 0.8 for a
24 minimum of 36 consecutive months. After 36 months, the
25 commission may evaluate the energy efficiency program and adjust
26 the net to gross ratio on a prospective basis.

27 (d) The commission shall update cost-effectiveness tools to
28 account for long-term benefits and costs that accrue as a result of
29 the establishment of programs pursuant to subdivision (a).